

USONIAN JAPAN VALUE CREATION FUND

Investment Review: Quarter Ending December 31, 2022

OVERVIEW

Usonian Japan Value Creation Fund seeks total return over a full market cycle and measures its performance against the TOPIX Total Return Index. The Fund employs a fundamental, value-oriented approach to invest in Japanese equities or companies tied economically to Japan.

PERFORMANCE (%)

Net of Fees, Class VI, Fair Value, USD	+12.29
Gross of Fees, Class VI, Local Close, USD	+12.82
Tokyo Stock Price Index (TR) ¹	+13.24
Value Added	-0.42

Major Performance Drivers

Persistent inflation pressures in 2022 forced most central banks (Japan being a notable laggard) to raise interest rates, which in turn led to significant equity market declines. Japan's 2.9% (JPY) decline in 2022, as measured by the Tokyo Stock Price Index (TOPIX TR), compared favorably to other markets, which were down 16.7% in local currency terms. GMO's Usonian Strategies outperformed the TOPIX TR during the period. We believe macro tailwinds such as inflation levels helping to break Japan's deflationary mindset, the re-opening of the country, and the still weak yen bode well for our strategies. Further, through our deep fundamental analysis, we continue to find many attractively priced companies with compelling fundamentals, strong balance sheets, and excess capital available for shareholder distributions.

Japanese equities were volatile but slightly positive in the fourth quarter of 2023, with the TOPIX TR up 3.2% in local terms. The Japanese yen reversed course during the quarter, strengthening 9.7% from ¥150 to ¥131 relative to the U.S. dollar. While recovering in Q4, the yen still ended the year down 12.7% and remains cheap on a PPP basis vs. the U.S. dollar.

In 4Q 2022, many of the major themes we have been watching over the past year developed dramatically. We've summarized these themes below. For more detail, please see our complete Quarterly Letter, available from your GMO relationship manager.

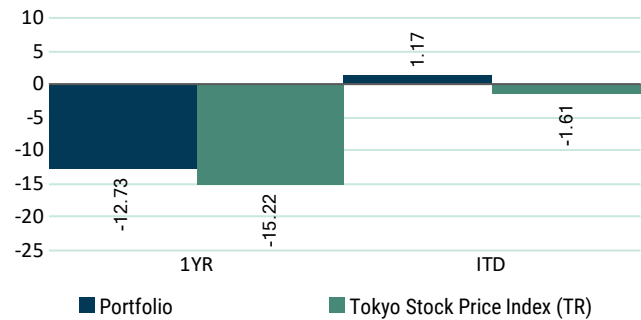
- Inflation continued to mount in Japan, which should be fundamentally positive for Japan's economy for a variety of reasons, as discussed in our 4Q22 Quarterly Letter.
- The Bank of Japan surprised the market with an earlier-than-anticipated change to its Yield Curve Control policy.
- The yen/U.S. dollar exchange rate remained volatile – during 4Q, the yen weakened to an historic level of ¥150 before strengthening to ¥131 by quarter end.
- Oil and other raw materials inflation seemed to peak and even decline in yen terms.

Performance Review

The portfolio slightly underperformed the index during the quarter. Financials and Health Care contributed the most to relative performance during the period, while Consumer Staples and Materials were the largest detractors.

Performance data quoted represents past performance and is not indicative of future results. The investment return and principal value of an investment will fluctuate so that an investors shares, when redeemed, may be worth more or less than their original cost. Current performance data may be lower or higher than the performance data provided herein. To obtain performance information to the most recent month-end, visit www.gmo.com. Gross Expense Ratio of 0.65% is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2022.

ANNUALIZED RETURN (%) AS OF 12/31/2022



Inception date: 09/14/2020
Includes purchase premiums and redemption fees impact if applicable.

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Style factors had a mixed impact during the quarter. The general underperformance of small cap was a headwind, with MSCI Japan Small Cap underperforming MSCI Japan by 115 bps, whereas Value's general outperformance was a tailwind, with MSCI Japan Value outperforming MSCI Japan by 168 bps.

An investor should consider the fund's investment objectives, risks, charges and expenses before investing. This and other important information can be found in the fund's prospectus. To obtain a prospectus please visit www.gmo.com. Read the prospectus carefully before investing.

Risks Associated with investing in the Fund may include, Market Risk-Equities, Focused Investment Risk, Non-U.S. Investment Risk, Currency Risk and Large Shareholder Risk. For a more complete discussion of these risks and others, please consult the Fund's prospectus. The GMO Trust funds are distributed in the United States by Funds Distributor LLC. GMO and Funds Distributor LLC are not affiliated.

¹ TOPIX (Net of dividend withholding tax) is a free-float adjusted market capitalization-weighted index that is calculated based on all the domestic common stocks listed on the TSE First Section.